MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2022/2023

DFA5034 – FINANCIAL ACCOUNTING 3

(All Sections / Groups)

2 OCTOBER 2023

9.00 A.M – 12.00 P.M

(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 6 pages with 4 questions.
2. Write your answers in the answer booklet provided.
3. Answer ALL questions.

QUESTION 1

Khoo Court purchases and sells bolster covers. For the month of July 2023, the company recorded administrative expenses amounting to RM22,080 and operating expenses amounting to RM26,102. It is also the company's practice to record the movement of the company's inventory using the perpetual inventory system. The beginning inventory for the month of July 2023 is 4,800 pieces @ RM2.80 per piece. Followings are the purchases and sales for the month:

July 2023		Purchases		Sales	
		Pieces	Unit cost (RM)	Pieces	Unit price (RM)
4	Purchase	3,700	3.00		
6	Sales			5,000	5.50
12	Purchase	5,500	3.10		
19	Sales			4,500	5.60
23	Sales			2,000	5.80
24	Purchase	6,000	3.30		
26	Sales			3,800	6.00

Required

(a) Using the data provided above, prepare the followings for the month of July 2023:

(i) A schedule to show the cost of goods sold and the value of ending inventory using the FIFO method. (15.5 marks)

(ii) A schedule to show the net profit/loss for Khoo Court. (3.5 marks)

(b) On 31 July 2023, Ms. See, the accounts manager, realised that the bookkeeper has understated June 2023 ending inventory by RM2,300. Indicate the effect that this error had on the following items assuming that the error had not been corrected: (4 marks)

Items (as at 31 July 2023)	Amount	Overstated/Understated
Cost of goods sold		
Net profit		
Total assets		
Owner's equity		

(c) On the same day, Ms. See found out that Khoo Court shipped out 1,780 pieces of bolster cover at the price of RM6.10 per bolster cover on 29 July 2023. The goods cost RM3.30 per piece and were shipped on FOB destination. The customer received the goods on 2 August 2023. Assess whether these goods should be included in the July inventory amount and if yes, state the amount to be included. (2 marks)

(Total: 25 marks)

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QUESTION 2

Compass Chain owns the following securities portfolios. The company holds securities in Fast Trade Berhad and Aims College for significant influence or control over the investees, whereas Compass Chain has no influence in 5Yards Media. Below are the ownership percentages, held as short-term investment as of 1 January 2022, as well as transactions that occurred in the year 2022:

Securities	**Fast Trade Berhad (25%)**	**Aims College (B%)**	**5Yards Media (16%)**
Number of shares held by Compass Chain	A	361,200	105,600
Total ordinary shares	300,000	840,000	C
Cost	RM412,500	RM758,520	RM348,480

Date	**Transactions**
Jan 1	Purchased 20% of Feather Jewelry's 530,000 outstanding shares at a cost of RM4.60 per share using cash. However, Compass Chain does not have significant influence over Feather Jewelry. *(Show your workings)*
Feb 1	Sold 5,000 units of 5Yards Media's ordinary shares at RM3.70 per share, less brokerage fees of RM1,300 and receives a cheque.
Apr 1	Purchased 640, 8%, RM1,000 Titan Sports bonds for RM640,000 plus brokerage fees of RM5,260 using cash.
Jun 30	Feather Jewelry declared and paid a cash dividend of RM2.80 per share for the year 2022. 40% of the cash dividend will be paid out on 30 June and the remaining on 31 December 2022. *(Show your workings)*
30	Received cash dividend RM0.76 per share in Aims College.
Aug 1	Sold 30% of the bonds in Titan Sports for RM187,630, less brokerage fees of RM4,080.
Oct 1	Titan Sports paid semiannual interest with cash. (Show your workings)
Oct 18	Compass Chain sold 40% of its shares in Feather Jewelry at RM4.50 each, less brokerage fees of RM2,900. *(Show your workings)*
Nov 15	Fast Trade Berhad declared and paid dividend for the year amounted to RM558,000.
29	Received cash dividend RM1.10 per share in 5Yards Media.
Dec 31	The companies reported the following net profit for the year: (i) Fast Trade Berhad – RM920,800 (ii) Aims College – RM1,674,000 (iii) 5Yards Media – RM1,434,300 (iv) Feather Jewelry – RM1,020,520,000

Required

(a) Compute the following:
   (i) Number of shares held by Compass Chain in Fast Trade Berhad.
   (ii) Compass Chain's percentage of ownership in Aims College.
   (iii) Total ordinary shares in 5Yards Media. (3 marks)

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(b) Prepare the journal entries for the year 2022. (19 marks)

(c) How are investments valued when the ownership percentage is:
(i) Less than 20%.
(ii) Between 20% - 50%.
(iii) More than 50%. (3 marks)

(Total: 25 marks)

QUESTION 3

Part A

The comparative condensed Statements of Financial Position of Techno Dynamic Company are presented below.

Techno Dynamic Company
Comparative Condensed Statements of Financial Position
As at 31 July

	2023	2022
	RM	RM
Assets	83,000	91,000
Current Assets	106,500	101,000
Property, plant, and equipment (net)	44,700	51,000
Intangibles	234,200	243,000
Total assets		
Liabilities and shareholders' equity		
Current liabilities	51,431	59,000
Long-term liabilities	153,478	161,000
Shareholders' equity	29,291	23,000
Total liabilities and shareholders' equity	234,200	243,000

Required

(a) Prepare a horizontal analysis of the Statement of Financial Position data for Techno Dynamic Company using year 2022 as a base. (8 marks)

(b) Prepare a vertical analysis of the Statement of Financial Position data for Techno Dynamic Company in columnar form for the year 2023. (4 marks)

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Part B

Teguh Barakah Corporation had the following comparative current assets and current liabilities:

	31 May 2023	31 May 2022
	RM	RM
Current assets		
Cash	81,000	50,000
Short-term investments	61,000	30,000
Accounts receivable (net)	76,000	216,000
Inventory	230,000	200,000
Prepaid expenses	56,000	40,000
Total current assets	504,000	536,000
Current liabilities		
Accounts payable	261,000	231,000
Salaries payable	61,000	51,000
Income tax payable	41,000	36,000
Total current liabilities	363,000	318,000

During year ended 31 May 2023, net credit sales and cost of goods sold were RM870,000 and RM520,000, respectively.

Required

Compute the following liquidity measures for 2023: *(Show all your workings)*

(a) Current ratio. (1.5 marks)

(b) Acid-test ratio. (2.5 marks)

(c) Account receivables turnover. (3 marks)

(d) Inventory turnover. (3 marks)

Part C

Explain the **THREE (3)** comparison bases for comparative analysis. (3 marks)

(Total: 25 marks)

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QUESTION 4

Part A

As at 31 March 2023, F&H Partnership reported the following account balances: cash RM230,000, noncash assets RM470,000, liabilities RM356,800, and the following capital balances: Florence RM272,800 and Hannah RM70,400. The firm is liquidated, and RM587,000 in cash is received for the noncash assets. Florence and Hannah's income ratios are 70% and 30%, respectively.

Prepare the entries to record:

(a) The sale of noncash assets. (1.5 marks)

(b) The allocation of the gain or loss on realisation to the partners. (2.5 marks)

(c) Payment of creditors. (1 mark)

(d) Distribution of cash to the partners. (3 marks)

Part B

State **FIVE (5)** characteristics of the partnership form of business organisation. (2.5 marks)

Part C

Marlo & Friends Pet Hotel & Spa provides cat boarding hotel and grooming services for Cyberjaya, Melaka and Johor Baharu areas. The company also sells pet merchandise to its customers. On 1 January 2022, the ledger of Marlo & Friends Pet Hotel & Spa contains the following liabilities accounts:

Accounts	RM
Account payable	347,000
Sales and service tax payable	40,000
Unearned service revenue	57,700

Marlo & Friends Pet Hotel & Spa prepares their financial statements every six months. During 2022, the following selected transactions occurred.

Feb 1	Borrowed RM68,000 from MBIBI Bank by signing a 10-month, 3%, note.
Mar 15	Sold pet merchandise on account totalling RM74,200 which includes 6% sales tax.
Apr 13	Provided services for customer who had made advance payments of RM37,700.
May 15	Paid Royal Malaysian Customs Department for sales and service taxes collected in last year, RM40,000.
June 30	Accrued the interest on MBIBI Bank note.

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July 20	Sold 3,400 units of a new pet merchandise on account at RM90 per unit plus 6% sales tax.
Nov 15	Received RM46,000 in advance from its client for cat boarding hotel and grooming services that will be provided next year.
Dec 1	Paid the principal and interest on MBIBI Bank's note.
Dec 15	Made payment to creditor by paying a half of the account payable amount owed last year.
Dec 31	Accrued the employee's salary for the month amounted to RM85,000.

Required

Journalise the transactions for the year 2022. (14.5 marks)

(Total: 25 marks)

End of Paper